

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:)	Case No. 16-39654
)	(Jointly Administered)
ARGON CREDIT, LLC, <i>et al.</i> ,)	
)	Chapter 7
Debtors.)	
)	Hon. Deborah L. Thorne
)	

**LIMITED OBJECTION OF LITTLE OWL ARGON, LLC TO
TRUSTEE’S MOTIONS FOR ENTRY OF ORDERS
(I) PURSUANT TO BANKRUPTCY RULE 9019 APPROVING SETTLEMENTS WITH
FUND RECOVERY SERVICES AND WITH CERTAIN ADVERSARY DEFENDANTS
AND (II) APPROVING PAYMENT OF CONTINGENCY FEE**

Creditor Little Owl Argon, LLC (“Little Owl”) respectfully submits this limited objection to the Motion of Karen R. Goodman (“Trustee”), as chapter 7 trustee for the bankruptcy estates of Argon Credit, LLC (“Argon Credit”) and Argon X, LLC (“Argon X”) for Entry of an Order: (I) Pursuant to Bankruptcy Rule 9019 Approving Settlement With Fund Recovery Services, LLC, and (II) Approving Payment of Contingency Fee (Dkt. 512) (the “FRS Settlement Motion”), and the Trustee’s Motion for Entry of an Order: (I) Pursuant to Bankruptcy Rule 9019 Approving Settlement With Certain Adversary Defendants and (II) Approving Payment of Contingency Fee (Dkt. 513) (the “Adversary Defendant Settlement Motion”). In support of its objection, Little Owl States as follows:

Objection to FRS Settlement Motion

1. On September 24, 2020, the Trustee filed the FRS Settlement Motion seeking approval of a settlement with Fund Recovery Services, LLC (“FRS”).

2. FRS previously filed proofs of claim against Argon Credit and Argon X in the amount of \$37,291,193.98 (the “FRS Claims”). (Dkt. 512 at ¶ 14.)

3. The Trustee contends that FRS received avoidable pre-petition transfers in the total amount of \$239,617.47. (*Id.* ¶ 13.)

4. The Trustee now proposes to accept just \$75,000 in full satisfaction of the avoidance claims asserted by the Trustee. (*Id.* ¶ 20.)

5. As part of the settlement, the Trustee has agreed not to object to the FRS Claims and has agreed to release any other claims the Trustee may have had against FRS. (*Id.*)

6. Pursuant to 11 U.S.C. § 502(a), any party in interest, including Little Owl or any other creditor, may object to a proof of claim. The Trustee’s agreement not to object to the FRS Claims should not be binding on Little Owl or any other creditor or party in interest that may want to file an objection to the FRS Claims. The Trustee’s agreement also should not be binding on Little Owl or any other creditor or party in interest that may want to file a motion under 11 U.S.C. § 502(j) with respect to the FRS Claims.

7. Additionally, Little Owl has or may have claims against FRS that may be affected by the Trustee’s agreement to release any claims that Argon X and Argon Credit have against FRS. The Trustee’s release of all claims against FRS should not be deemed to release or adversely affect any claims that Little Owl or any other party may have against FRS, whether or not related to the claims that were or could have been asserted against FRS by the Trustee.

8. Little Owl therefore requests that any order approving the FRS Settlement Motion expressly provide (a) that parties in interest other than the Trustee may object to the FRS Claims on or before any deadline set by the Court; and (b) that the Trustee’s release of claims against FRS shall not have any effect on claims that may be asserted against FRS by any other party.

Objection to Adversary Defendant Settlement Motion

9. On September 24, 2020, the Trustee filed the Adversary Defendant Settlement Motion seeking approval of a settlement with various individuals and entities against whom the Trustee has filed adversary proceedings (the “Adversary Defendants”).

10. As part of the settlements with the Adversary Defendants, the Trustee has agreed to release any claims that the Trustee may have against the Adversary Defendants. (Dkt. 513 at ¶¶ 23, 25, 27, 29, 31.)

11. Additionally, Little Owl has or may have claims against one or more of the Adversary Defendants that may be affected by the Trustee’s agreement to release any claims that Argon X and Argon Credit have against the Adversary Defendants.

12. The Trustee’s release of all claims against the Adversary Defendants should not be deemed to release or adversely affect any claims that Little Owl or any other party may have against the Adversary Defendants, whether or not related to the claims that were or could have been asserted against the Adversary Defendants by the Trustee.

13. Little Owl therefore requests that any order approving the Adversary Defendant Settlement Motion expressly provide that the Trustee’s release of claims against the Adversary Defendants shall not have any effect on claims that may be asserted against FRS by any other party.

CONCLUSION

WHEREFORE, to the extent the Court approves the FRS Settlement Motion or the Adversary Defendant Motion, Little Owl respectfully requests that the Court order that Trustee’s agreement not to object to the FRS Claims is not binding on other parties in interest and that the

Trustee's release of claims, on behalf of Argon Credit and Argon X, against FRS and the Adversary Defendants is not binding on other parties in interest.

Dated: October 13, 2020.

LITTLE OWL ARGON, LLC

By: /s/ Michael J. Small
One of Its Attorneys

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CERTIFICATE OF SERVICE

I, Michael J. Small, hereby certify that on October 13, 2020, I caused to be electronically filed the ***Limited Objection Of Little Owl Argon, LLC to Trustee's Motions For Entry Of Orders (I) Pursuant To Bankruptcy Rule 9019 Approving Settlements With Fund Recovery Services And With Certain Adversary Defendants and (II) Approving Payment Of Contingency Fee*** which is being served electronically via the Court's ECF system on all counsel of record.

/s/ Michael J. Small

Michael J. Small